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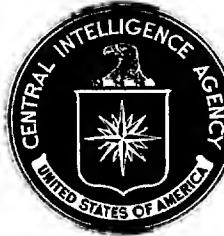
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8 July 1959

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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

I. THE COMMUNIST BLOC

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Communist China: Peiping has retreated on a fundamental feature of its commune system. A leading regime spokesman on agriculture stated in a recent magazine article that peasants are no longer required to eat in communal messhalls. This, in effect, constitutes a significant admission of failure to obtain peasant compliance in a major regime program.

II. ASIA-AFRICA

Iraq: [Iraqi Communists are reportedly planning a major demonstration in Baghdad on the night of 9-10 July. Qasim presumably has been alerted to this plan. A large Communist demonstration would be likely to end in considerable violence, and might well test the determination and ability of Qasim and the army to meet such a Communist challenge.]

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Laos: Prince Souphanouvong, chief of the Communist-front party in Laos, has protested vigorously against government repression of his party. He has asserted that he has solid foreign backing and has threatened a return to guerrilla warfare unless the government ceases its alleged persecutions.

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[Further protests from the Communist bloc can be expected over the introduction of American military personnel into Laos for joint US-French training of the Laotian Army. This training is to begin soon. The Communist bloc is still calling for the reconvening of the International Control Commission in Laos. Ho Chi Minh of North Vietnam arrived last week in Moscow, probably for medical reasons, and is likely to review the Laotian situation with Soviet leaders there.]

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No
Japan-Korea: The International Committee of the Red Cross (ICRC), although it has not yet made a final decision, apparently feels that it is morally committed to assist in the repatriation of Koreans in Japan to North Korea. It believes that it might be able to make a private arrangement with the Japanese Red Cross which would give the ICRC an effective role in the screening of the repatriates. An ICRC official has stated that there is no possibility of including South Korea in the repatriation plan because of Seoul's long-standing opposition to the project.

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III. THE WEST

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Austria: Chancellor Raab's decision to resign as chancellor-designate results from his failure to form a new government following the 10 May general election. Resolution of the eight-week impasse between the conservative People's party and the Socialists--which have governed for more than 13 years--now largely depends on a successful last-minute move by President Schaerf to preserve the coalition. The alternative is an unstable government and a drift toward the bitter partisanship of the prewar years.

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IV. CONCLUSIONS OF SPECIAL USIB COMMITTEE ON BERLIN SITUATION

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The USIB has taken note of the following conclusions reached by its special committee on the Berlin situation. The committee pointed out that its conclusions are to be used in context with all SNIEs relevant to the Berlin situation.

1. During the recess of the foreign ministers' conference, ending 13 July, the USSR will not conclude a separate peace treaty with the GDR or turn over access controls to the East Germans. Moscow will continue to use threats of such action as a form of pressure on the West; nevertheless, as long as it estimates that there are any prospects for negotiations profitable to the USSR, it probably will not take such action. The actual physical transfer of controls could be accomplished with little or no warning.
2. Soviet diplomatic activity relating to the resumption of East-West negotiations at Geneva continues to aim at weakening the Western position with a combination of professed willingness to reach agreement and threats of crisis and possible war if no agreement is reached.
3. While there are no reliable indications of a bloc intent to deny Allied or West German access to West Berlin, or to seal off West Berlin in the immediate future, such action could be taken with little or no warning.
4. While public morale continues at a high level, some West Berlin political leaders during the past week have become concerned over Western "disunity" and fear that "Berlin fatigue" may gain ground in the United States. There has been no significant change in Berlin's economic situation.

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5. There have been no significant changes in Soviet capabilities to respond to possible Western actions in the event of turnover, harassment, or blockade.



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I. THE COMMUNIST BLOC

Further Modification in Chinese Communist Commune Program

The most significant modification to date of Peiping's commune program is revealed in the 16 June issue of China Youth, in an article by Teng Tzu-hui, the regime's leading spokesman for a conservative approach to agricultural problems. Rural cadres have been authorized to permit peasants to withdraw from commune messhalls without risking criticism as "backward elements" or reflection upon their "progressiveness." While other reports have indicated that some messhalls in South China were being closed temporarily, this is the first indication of a country-wide movement to reduce their services.

Teng's article reports that only the "activists"--unmarried young people and childless couples--support the messhall idea, while the majority of peasants are either indifferent or opposed. Teng admits that many messhalls were inefficiently run and that some cadres had been guilty of graft. Teng also admits that some messhalls may have to close if voluntary withdrawals are permitted, but calls for the continuation of this service no matter how few persons participate. He justifies the retreat on the grounds that the opponents would withdraw whether permitted or not--a serious admission of Peiping's inability to extract total compliance from the rural population.

Teng, however, endorses the basic idea of the messhalls. He urges their reorganization with emphasis on reduction in size to 100 persons each and greater flexibility. The system has been undergoing overhaul since early last fall, but a successful solution has eluded the Communists.

Teng's article shows some of the same concerns that were forced on Soviet party leaders during a similar experiment with communes in the early days of the USSR. The experiment was a failure, and the program was abandoned by Stalin in the early 1930s.

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II. ASIA-AFRICA

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Iraqi Communists Planning Massive Demonstration

[The Iraqi Communists are planning a major demonstration in Baghdad on the night of 9-10 July,]

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[A number of bloody clashes between Communist and anti-Communist forces have been broken up by the army and police in Baghdad's suburbs recently, and such clashes may increase in frequency as the 14 July anniversary of last year's revolution draws near. A major Communist demonstration could well be the occasion for large-scale violence and might be designed to test the ability and determination of the Qasim regime's security apparatus.]

[The Communists have been dealt several severe blows during the past few days: Qasim has publicly expressed his disapproval of the Communist effort to reconstitute a "National Front" and has openly differed with his Communist-inclined aide-de-camp, Col. Lutfi Tahir, over the latter's suspension of an anti-Communist newspaper. The military governor of Baghdad publicly refuted an article in the official Communist newspaper on 4 July, calling it "a lying report." Salim Fakhri, Communist-line director of broadcasting, has been reported arrested.]

[The Communists may renew their demands for participation in a new cabinet expected to be announced around 14 July.]

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Communist Bloc Expected to Protest Joint US-French Training
Of Laotian Army

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[The Communist bloc is likely to set up a greater cry over the introduction of American military personnel into Laos to begin joint US-French training of the Laotian Army than it did during the recent episode involving the rebellion of a former Pathet Lao battalion. Britain, in anticipation of Communist charges that joint US-French training violates the Geneva agreements, has informally requested the United States to supply it with an explanation of the training that it could use, in its capacity as cochairman of the 1954 Geneva conference, to counter the Communist charges.]

[Hanoi would regard the introduction of American military advisers into Laos as "confirmation" of its charges that the US is attempting to turn Laos into an American military base, and redouble its efforts to have the International Control Commission recalled. Since mid-June most of North Vietnam's statements on Laos have criticized the recent Vientiane-Saigon agreements, which Hanoi describes as an effort to bring Laos illegally into SEATO.]

[President Ho Chi Minh will undoubtedly review the Laotian situation during his current unofficial visit in the USSR, although the primary reason for his trip is probably medical.]

[Meanwhile, Prince Souphanouvong, chief of the Communist-front party in Laos, and only recently released from house arrest following the mutiny of the Pathet Lao battalion, has threatened to return to guerrilla warfare unless the regime ceases its alleged persecutions.]

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III. THE WEST

Austria's Political Crisis

After eight weeks of effort to bring his conservative People's party and the Socialists together in a new coalition, Austrian Chancellor Raab has asked and received his party's permission to let someone else carry on future negotiations to form a new government. His resignation as chancellor-designate has been accepted by President Schaerf.

The two parties have been at loggerheads since the general elections of 10 May in which Socialist gains reduced the People's party's plurality to one parliamentary seat. The Socialists, with the largest popular vote, have accordingly insisted on a larger role in the government. Their demand for preponderant control over the nationalized industries apparently caused the talks to break down. The Socialists contend that this point had previously been conceded to them, and it is possible that Raab may again have been overruled by conservative elements within his own party who oppose his conciliatory tactics.

Prospects for restoring the coalition, which contributed so much to Austria's postwar economic and political stability, now largely depend on the mediation of President Schaerf. A Socialist devoted to the coalition idea, Schaerf reportedly does not sympathize with his party's tactics. There is, however, no readily apparent solution to the impasse, and its continuation would encourage the partisan excesses which characterized Austria in the interwar period. The Socialists probably could not form a minority government, and an attempt by the People's party to rely on the support of the small, right-wing, pan-German, Liberal party would be certain to provoke a violent Socialist reaction.

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Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

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The Director of Intelligence and Research

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The Secretary of the Air Force

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Chief of Staff, United States Army

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Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of the Army

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Assistant Chief of Staff, Intelligence, Department of the Air Force

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